

Exhibit 3

NCUA LETTER TO CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: October 2005 **LETTER NO.:** 05-CU-15
TO: Federally Insured Credit Unions
SUBJ: Increasing Risks in Mortgage Lending
ENCL: Supervisory Letter – Increasing Risks in Mortgage Lending

Dear Board of Directors:

The purpose of this Letter is to provide all Federally Insured Credit Unions with the same guidance provided to NCUA field staff about recent trends and emerging risks in the mortgage lending arena. The attached Supervisory Letter was provided to NCUA field staff in September 2005.

Recent trends indicate a shift in consumer demand towards more exotic adjustable rate mortgage products, particularly in real estate markets that have experienced unprecedented appreciation in housing prices. In response, borrowers have resorted to these new loan options, and to relaxed lender credit standards, to be able to qualify for home financing. Many lenders offer these products ahead of standard fixed rate mortgages as a way for borrowers to increase their purchasing power. The need to use these types of products to simply qualify for a loan may increase credit risk, especially if interest rates (and the minimum payments) increase, and if the rate of home price appreciation flattens, or worse declines.

NCUA field staff will be monitoring these trends and will evaluate not only interest rate risk related to mortgage lending but the increased credit risk associated with these newer mortgage products and more liberal underwriting standards. Credit unions should be familiar with these newer mortgage loan products and the increased level of credit risk associated with them, especially in markets with high levels of appreciation in housing prices.

If you have any questions regarding the enclosed document, please contact your district examiner, regional office, or state supervisory authority.

Sincerely,

/s/

JoAnn M. Johnson
Chairman

Enclosure